



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**



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TREASURER AND TAX COLLECTOR

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May 21, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

RECOMMENDATION TO APPROVE AMENDMENT WITH WAUSAU FINANCIAL SYSTEMS, INC. TO PROVIDE AN UPGRADE TO THE REMITTANCE PROCESSING AND IMAGE ARCHIVE SYSTEM AND THE RELATED SOFTWARE ESCROW AGREEMENT WITH HYLAND SOFTWARE, INC. AND NATIONAL SOFTWARE ESCROW, INC.

(3 VOTES)

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached amendment to the current Agreement with Wausau Financial Systems, Inc. (WFS), Agreement No. 72748, to provide the Treasurer and Tax Collector (TTC) with an upgraded document/image management system (Optima 3 IMS) and with associated ongoing hardware and software maintenance, with a total maximum County obligation of \$535,976 over the remaining term of the Agreement, twenty-five (25) months.
2. Approve and instruct the Chair to sign the attached tri-party Escrow Agreement (attached as Exhibit J.1 of the Amendment) with Hyland Software, Inc. (Hyland) and National Escrow, Inc. (NSE), to provide escrow services for the Optima 3 IMS software, not to exceed \$1,355 over the remaining term of the Agreement, twenty-five (25) months

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 6, 2000, your Board approved an agreement with WFS for a remittance processing and image archive system. This system was implemented in August 2000

and supports the processing of over six (6) million payment transactions per year for various accounts receivable applications including property tax. The image archive component of the system supports the imaging of the payment transactions and provides a search engine to facilitate the subsequent research associated with the processed transactions.

This amendment to the current WFS agreement will upgrade the existing image archive system component to a more robust document imaging and management system to better meet TTC needs. This system upgrade will support shared system access with the Auditor-Controller (A-C), improve storage and processing capabilities, enhance security, and support additional system users. This upgrade will also provide workflow software and permits the importing of documents from multiple systems. Workflow software will be used by the TTC and the A-C to automate the routing and tracking of property tax correspondence within and between both departments. The ability to import and access documents from multiple systems will enhance and improve research capabilities to respond to requests on payment items. Finally, other client departments who utilize the Department's remittance processing services will also gain the ability to review and research their payment items.

Implementation of Strategic Goals

The system upgrade is in accordance with this Department's approved Business Automation Plan and Department Head Goals. Implementation of these improvements will meet the County's Strategic Plan Goals of Organizational Effectiveness, Service Excellence and Workforce Excellence. The upgraded imaging and workflow processing capabilities will substantially improve electronic document management thereby contributing to the County's goal of a paperless environment. The ability to easily track and monitor correspondence responses will improve our public service capabilities and increase the available tools for the public service staff. The system will also allow for additional performance measurements. Lastly, the sharing of the system with the Auditor-Controller and other remittance processing client departments meets the goal of collaboration among departments to provide seamless service delivery.

FISCAL IMPACT/FINANCING

The maximum amount of the Amendment is \$535,976, of which \$403,959 is for system upgrade costs, \$97,266 for hardware and software maintenance services over the remaining term of the Agreement, \$34,751 for professional and specialized contingency fees, which includes \$1,355 for escrow fees. The cost of the upgrade will be partially offset by reduced maintenance fees of \$36,816 from the existing agreement. The Department has funds appropriated in its current budget to cover the maximum amount of the amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County's Chief Information Officer concurs with the department's recommendation. The attached Amendment has been reviewed and approved as to form by County Counsel.

The Amendment contains additional required contract provisions pertaining to WFS providing notification when the Contract Term reaches six months of expiration and when expenditures reach 75% of the Contract Sum, the Jury Service Program, Consideration of Hiring County Employees Targeted for Layoff, Recycled Bond Paper, and Termination for Non-Adherence of County Lobbyist Ordinance.

Language in the recommended Amendment contains clear performance standards and includes monetary assurance provisions for non-performance.

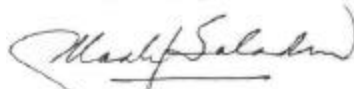
IMPACT ON CURRENT SERVICES

The upgrade is targeted for implementation between high volume processing periods to mitigate any transition issues. Implementation of the upgrade will improve TTC's document management and public service functions and provide for shared system capabilities with the Auditor-Controller and other remittance processing client departments.

CONCLUSION

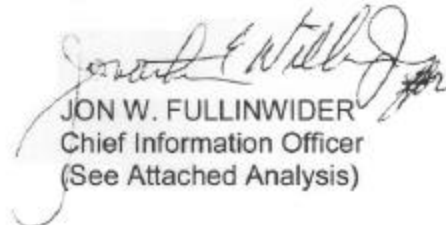
Instruct the Executive Officer/Clerk of the Board to return two (2) signed originals of the Amendment with WFS; three (3) signed originals of the tri-party Escrow Agreement with Hyland and NSE; and one (1) adopted stamped Board letter to TTC.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

Reviewed by:



JON W. FULLINWIDER
Chief Information Officer
(See Attached Analysis)

MJS:WMH:mh

Attachments

c: Auditor-Controller
Chief Administrative Officer
Chief Information Officer
County Counsel

CIO ANALYSIS

TREASURER AND TAX COLLECTOR AMENDMENT TO
AGREEMENT WITH WAUSAU FINANCIAL SYSTEMS INC.,
AND RELATED SOFTWARE ESCROW AGREEMENT WITH HYLAND SOFTWARE INC.
AND NATIONAL SOFTWARE ESCROW, INC.

CIO RECOMMENDATION: ☒ **APPROVE** ☐ **APPROVE WITH MODIFICATION**
 ☐ **DISAPPROVE**

Contract Type:

☐ **New Contract** ☒ **Contract Amendment** ☐ **Contract Extension**
☐ **Sole Source Contract**

New/Revised Contract Term: **Base Term: Yrs** **# of Option Yrs**

Contract Components:

☒ **Software** ☒ **Hardware** ☐ **Telecommunications**
☒ **Professional Services**

Project Executive Sponsor: Nancy Morton, Chief Deputy

Budget Information :

Y-T-D Expenditures	\$ 1,886,829
Requested Contract Extension Amount	\$ 535,976
Aggregate Contract Amount	\$ 2,884,287

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?

Project/Contract Description:

The Treasurer and Tax Collector (TTC) is requesting Board approval of the amendment to an agreement with Wausau Financial Systems, Inc. (WFS) for hardware, software and support services required to upgrade the existing Image Archive System and continuing maintenance. Also, TTC is requesting a related tri-party software escrow agreement with Hyland Software and National Escrow, Inc. (NSE). WFS is an authorized reseller of Hyland's software that will be implemented for the upgrade. Both agreements are for the remaining term of the agreement (25 months) and shall not exceed \$535,976 and \$1,355, respectively.

This agreement supports the upgrade of the existing Imaging Archive System to a more robust document imaging and management product called Optima 3 Information Management System (IMS). This system software will provide improved document imaging and management, workflow, Computer Output to Laser Disk (COLD) processing capabilities as well as enhanced system security.

Background:

On June 6, 2000, the Board approved an agreement with WFS for a turnkey Remittance Processing and Image Archive System and continuing hardware and software maintenance and a related software escrow agreement with WFS and DSI Technology Escrow Services. Both agreements were for a term of 60 months. The system was implemented in August 2000 and provides automated processing payment transactions for a variety of County accounts receivable applications, including property taxes, as well as providing image capture and retrieval of payment documents in various TTC public service areas.

TTC is requesting approval of this amendment to the WFS agreement to upgrade the existing image archiving component of the remittance processing system with a more robust document imaging and management product called Optima 3 IMS. This system software will provide improved document imaging and management, workflow, COLD processing capabilities as well as enhanced system security.

Project Justification/Benefits:

This system upgrade will enable a data repository to be shared by the Auditor-Controller (A-C) and other departments. It provides improved storage and retrieval capabilities and enhanced security. The system upgrade will also provide workflow functionality to automate the routing, review and approval of property tax correspondence between TTC and the A-C. TTC personnel will be trained on the use of workflow software and how to apply this technology to automate other departmental business processes.

Project Metrics

The TTC has identified specific tasks and deliverables tied to milestone dates for each project. The contract identifies an escalation process that could lead to monetary penalties for deficient performance.

Impact If Proposal Is Not Approved:

The Department's ability to improve access, retrieval, and distribution of information within TTC and between the A-C and other departments will be constrained if the Board does not improve this amendment. Also, the inability to apply workflow will exclude potential productivity and public service improvements.

Alternatives Considered:

The Department leveraged its existing WFS agreement to obtain this system upgrade. No other alternatives were considered.

Project Risks:

The project risks are minimal. WFS will be configuring document imaging and management application at their facility based on the TTC's requirements and specifications. WFS is scheduled to install, test, and implement the fully configured system hardware and software for production use at the Department's location prior to tax season in October 2003 to minimize business disruption.

Risk Mitigation Measures:

The system application software, operating system software, and hardware will be set-up, configured and tested at the vendor's facility before full implementation at TTC. Implementation of the system upgrade is targeted for mid-September 2003 to mitigate potential disruptions in TTC operations. The upgraded software stores images in Tag Image File Format (TIFF), a flexible and platform independent format that is supported by numerous imaging applications. This enables TTC to easily migrate to a new software application if necessary.

Financial Analysis:

TTC has spent \$1,886,829 year-to-date on their existing agreement with WFS. The maximum contract amount of the Amendment is \$535,976, of which \$403,959 is for system upgrade costs, \$97,266 for hardware and software maintenance services over the remaining term of the Agreement, and \$34,751 for professional and specialized contingency fees, which includes \$1,355 for escrow fees. The cost of the upgrade will be partially offset by reduced maintenance fees of \$36,816 from the existing agreement. The Department has funds appropriated in its current budget to cover the maximum amount of the amendment.

CIO Concerns:

None

CIO Recommendations:

The CIO recommends approval of this agreement.

CIO APPROVAL

Date Received: 5/21/03
Prepared by: Theresa Melendez
Date: 5/21/03
Approved: [Signature]
Date: 05/21/2003